

## **EMPLOYER ADVISORY COMMITTEE**

### **MINUTES**

**March 23, 2000**

#### **DRS Members Present:**

Dave Nelsen, Chairperson.

#### **Additional DRS Staff Present:**

Steve Nelsen, Legal/Legislative Services; John Gursky, School Employees Retirement System; Brian Berghoff, Strategic Initiatives, Anne Holdren, Deferred Compensation Program; Johanna Shick, School Employees Retirement System; Sheila Ehrig, School Employees Retirement System.

#### **Employer Members Present:**

Les Adams, King County Metro; Joanne Amrine, Chehalis School District; Margo Anderson, Highline Community College; Mary Christle, Educational Service District; Sue Corn and Terry Schaefer, Kent School District; Nancy Finneson, Pierce County Library System; Tom Gaines, Washington School Information Processing Cooperative (WSIPC); Chandra Horan, Port of Seattle; Dorothy Kiest, King County; Linda Loiseau, Center for Information Services; Nancy Savage, Pierce County; Sally Spangler, Washington State Patrol; Susan Sparks, Human Resources Information Systems Division (HRISD); Reagan Ulrich, Chelan County PUD 01; Jean Yeager, Department of Agriculture.

#### **Employer Members Not Present:**

Brigitte Hoopes, City of Kent; Debbie Meach, Human Resources Information Systems Division (HRISD); Michelle Mortimer, City of Olympia; Valerie Quinn, University of Washington.

#### **Agenda Items:**

- Legislative Summary

*Steve Nelsen*

- Employer Phone Contact  
Information Update

*Dave Nelsen*

- SERS Update

*John Gursky*

- Deferred Compensation Program Update

*Brian Berghoff, Anne Holdren*

*Johanna Shick, Sheila Ehrig*

- Employer Satisfaction Survey Work Session

*Dave Nelsen*

- Issues or Concerns

*Committee*

- Agenda Items for Next Meeting

*Committee*

## **LEGISLATION SUMMARY**

Steve Nelsen passed out two handouts, the Department of Retirement Systems (DRS) Bill Tracking sheet, which highlights bills that are still alive after the regular session and Proposals of the Joint Committee on Pension Policy. Steve also updated the committee on the following two issues:

### **PERS Plan 3**

PERS Plan 3 is a hybrid plan, which means it has a defined benefit and defined contribution component. There are some different administrative duties that the employers will be responsible for with respect to PERS Plan 3. Plan 3 for public employees is scheduled to begin March 2002 for state and higher education employees. For all other PERS employees, the effective date will be September 2002.

### **Contribution Rates**

Most contribution rates ended up being worked into the budget, which is still under negotiation.

The reason for the rate changes is because the Office of the State Actuary does valuations of the pension systems every year. Part of the valuation is to determine the contribution rate necessary to fund the systems. (Contribution rates are only changed biennially.) The valuation showed that the rates could go down. The concept before session was the rate decrease would offset in whole or in part the rate increase of the legislature to change the early retirement reduction factors. The early retirement reduction factors were changed and is part of the Plan 3 bill. It allows Plan 2 members in PERS, TRS, or SERS to retire before age 65 with less of an impact on their pension, but only if they have 30 years of service credit.

In addition to the early retirement reduction factors, there was a lowering of the retirement age for LEOFF Plan 2 from age 55 to 53. The likely plan right now would be for rates to decrease in June consistent with the actuarial valuation, and based on what legislation is signed into law there would be another rate increase in September to fund it. As PERS Plan 3 is an expensive

piece of legislation administratively, there will be an increase in the Department of Retirement Systems administrative fee, which will go from 19 basis points to 23 basis points. This will take place when the rates go down, which looks like June. This will affect all retirement plans.

Dave Nelsen will email the Employer Advisory Committee members the May contribution rate numbers today that would have been effective May 1, 2000, but may be different for the June date.

There will be a member education effort for the PERS Plan 3, which will include video book pack, worksheets and on-line benefit estimator.

Please call Dave Nelsen at (360) 664-7163 or 1-800-547-6657 ext. 47163 or Steve Nelsen at (360) 664-7308 if you have any questions.

### **SCHOOL EMPLOYEES' RETIRMENT SYSTEMS (SERS) UPDATE**

John Gursky updated the committee on the status and accomplishments of the School Employees' Retirement System (SERS) project. The project is still within budget and on schedule with the implementation date still being September 1, 2000.

In January, the second SERS member newsletter was mailed to future SERS members. In February, the SERS technical reporting requirements and DRS Notice 00-002 to future SERS employers concerning reporting requirements and educational activities was mailed.

The focus in the last quarter has been on transfer education, which will assist members in making an informed decision to remain in SERS 2 or transfer to SERS 3. The Educational Technologies Incorporated (ETI) will perform this education. ETI has built some financial modeling software, which will be available on their Web site for future members use. DRS will be providing an educational video and a book pack to members that will be mailed late March or early April. Transfer Education workshops are planned to begin in April. The Investment Education workshops, which will be conducted by International City/County Management Association, are planned to begin in August. Flyers and posters will be mailed to future SERS Employers in late March or early April and they will announce the workshops. DRS has developed a transfer information letter which members can use in conjunction with the software, ETI workshops and training sessions to help gather data and make an informed decision. This will be mailed to future SERS members in April.

DRS Employer Handbook updates should be mailed later this month, which will include updates to Chapter 7 and 8 on Technical Transmittal Reporting Requirements.

### **DEFERRED COMPENSATION PROGRAM (DCP) UPDATE**

Anne Holdren passed out a Record Keeping Project handout. The project focus is bringing services to the same level as provided by record keeper utilized in TRS Plan 3.

The payroll stuffer is being developed and will be distributed to all the participating employers next month around April 10, 2000 for distribution. In May, DRS plans to send a promotional poster to employers to display. The poster will unveil the new look and the primary brochure will have a new look as well, which will be tied to the poster. If an employer wants more than one

poster, more will be provided. In June, the welcome packets will be distributed to all the participants, which will talk about all the features of the program and instructions on the touch tone telephone feature, voice response unit and access to the Internet. In July, participants will be mailed a Personal Identification Number to enable access through the voice response unit and for the Internet. July is also the implementation month. Systems should be up and available mid-July.

If you are in DCP, you should have received DRS Notice 00-003 and a technical document. Also, you should have received an invitation to take a class that DRS is providing to employers in April and May. In early April, DRS is filing some changes to the DCP WAC's and a public hearing will be held around May 11, 2000.

### **EMPLOYER SATISFACTION SURVEY WORK SESSION**

The following resulted from the last survey:

- A Statewide Training program is being implemented, and there will still be one-on-one training.
- An Automated Call Distribution line has been implemented so that an employer or member can get a person on the phone.

The following are suggestions by the Committee that DRS should be implementing:

- Offering clarity on messages that come out on the edit message reports.
- Make the edit messages reports structured so that the reject messages are in one place and warning messages are in one place, but if an employee has a reject and a warning message keep those together.
- The edit messages will not update the address line and some employers do not want this. If an employee applies for retirement and the employer tries to communicate with the employee at another address, the employer could flag it.
- Retirement Benefits Specialists: employers do not receive any final compensation reports, so if it is in the system why do employers have to report it? The leave cashout is not on the system, which includes sick leave. FCR information on this form is not in the DRS system.
- Coordination of JV's information being sent, for example: a letter goes to an employee owing money, but employer has not received this information until later.
- On the payroll cycle, make the employer name optional.
- Ask who their payroll agent is.

### **EMPLOYER PHONE CONTACT INFORMATION UPDATE**

How does the Committee like the new telephone system? The Committee is fine with it just as long as they get the answers.

## **ISSUES OR CONCERNS**

The following are the Committee's issues or concerns:

- Return to Work Status, how much time PERS and TRS 2 and 3 retirees can work.
- Tracking hours of retirees on the reporting system.
- Social Security earning limits trying to be removed.
- Having a feedback system for retiring disability employees from the state, the employer needs to know this information (King County employees).
- Internet access for correction reporting (goal in the future).

## **The Next Meeting**

The next EAC meeting is scheduled for June 22, 2000, from 9:30 a.m. to 3:30 p.m., at the DRS Point Plaza West building located at 6835 Capitol Boulevard in Tumwater. Please see the map to DRS on the EAC Web site for directions to the facility.

## **Proposed Agenda Items for June 22, 2000, Meeting**

A confirmed agenda will be available on the Employer Advisory Committee Web site in early June 2000.

- PERS Plan 3

## **Parking for the meetings**

There are visitor's parking spaces located in front of the building. You may also park in any stall that is not marked for another agency such as DSHS or OFM.

## **Questions**

If you have any questions, please contact Dave Nelsen at (360) 664-7163, 1-800-547-6657 ext. 47163 or by e-mail at [daven@drs.wa.gov](mailto:daven@drs.wa.gov).